

converted. Others were killed for refusing to abandon their faith. Many of the original Jewish community here in Newport—the people who founded Touro Synagogue—were the descendants of those same Sephardic Jews who had been driven from the Iberian Peninsula 150 years earlier.

These cycles of persecution waxed and waned for the next 500 years. Sometimes they were violent. Sometimes it was just snide remarks and not being admitted into some exclusive club.

As we all know, the culmination of all this was the Holocaust. How could it happen? Wasn't it something we should have foreseen?

Jews had lived in Germany for over a thousand years. They had built its industry. They were part of its educational system. They were skilled workers, bankers, businessmen, artists, scientists. They had fought in Germany's war right alongside the rest of their countrymen. There part of the community. They were Germans, and they thought of themselves as Germans. No wonder so many responded to the first acts of the Nazis with disbelief and a total inability to comprehend what lay in store.

And in the end, why did so many others, Germans and non-Germans alike, turn their heads from what was happening to their neighbors, or worse yet, take part in the persecutions?

Earlier this month, I read a very moving piece in the New York Times entitled "The Pogrom at Eishyshok." Some of you may have seen it. It was the chilling first person account of a man who, as 7 year old child in the fall of 1945, had witnessed the murder of his mother and infant brother in a little town—a "stetl"—in what is now Lithuania. Their attackers weren't Nazis bent on carrying out the final solution—Hitler had already been defeated. These were their neighbors, people they knew and had grown up with. At the end of his story, the author observed that "as our world shrinks and its diverse nations become more entangled with one another, it is of the utmost importance to understand that the 'dislike of the unlike' is what leads to the gas chambers and the killing fields."

"The dislike of the unlike"—the tendency of people to divide the world into "us" and "them", and then treat with suspicion or even hatred those who look different, or talk different, or have funny names, or strange customs.

Those words—"the dislike of the unlike"—perfectly capture the essence of what has plagued all mankind—not just Jews—since time immemorial.

What we see is that, again and again, people can get along for decades on the surface. But when society is placed under stress, when it's confronted by war, or famine, or plague, or economic collapse, people turn on those who aren't quite like them. They look for something or somebody to blame—and then they take out their fear and frustrations on them. For Europe's Jews, that cycle was all too familiar.

And if it could happen there, could it ever happen here? Clearly, there are a handful of people in every society, in every country, who are capable of monstrous evil, even murder on a massive, organized scale. There is no question in my mind that such people exist in America today. But the difference is, I don't see that ever happening here. We are different. And because of that difference, I don't believe American society could ever allow that handful of evil men to work their will. We wouldn't put up with it. And the reason I think that we are so special—that we are protected from that kind of evil—has a lot to do with why we are here today.

Let's be very clear. Religious freedom wasn't always the norm in colonial America.

The same colonists who had fled religious persecution in England were only too happy to impose their beliefs on others when they were in control. Fortunately, the tolerance established by Roger Williams here in Rhode Island made it a mecca for people of all faiths who sought the right to worship in peace. Huguenots and Baptists, Jews and Quakers all lived together here, worshipping God in their own ways.

One hundred-fifty years ago, the great French commentator, Alexis de Tocqueville, observed a peculiar fact—that two principles which in Europe had historically been mutually exclusive—the spirit of religion and the spirit of liberty—had somehow been combined and made mutually supportive here in America. Part of the reason for that happy fact lies right here.

When warden Moses Seixas of Touro Synagogue wrote to President George Washington to wish him well and to give thanks for a government "erected by the majesty of the people" which gave everyone—regardless of their origins—the liberty to worship in peace and enjoy equally the protections of citizenship, he started a series of events which had consequences far beyond what he could have ever imagined.

And when President Washington, in his reply, wrote of how proud we should be for having given mankind a country where "all possess alike liberty of conscience and immunities of citizenship" he captured the very ideals that make America special.

And, in what I think is one of the most remarkable insights of the letter, President Washington notes that we're not talking about toleration the way it was throughout history, where one privileged group granted others some limited rights as a form of indulgence, "allowing" them to be treated fairly. No! What George Washington says is that there is no single group which holds sway over the rest of us. All of us have inherent natural rights, and the only thing required of us is that we conduct ourselves as good citizens and support the government. The government didn't just "allow" the Jews to practice their religion and conduct their business like everyone else; the President said it was their right all along—so it couldn't be taken back arbitrarily if someone in power changed his mind. That's what's so important here.

When they sought Washington's assurance of their right to practice their religion, to be free from government persecution, to be treated like all citizens of this country, the Jews of Newport were not just achieving something for themselves. They established a precedent which applied to every other religion. And a year later, that precedent was codified in the Bill of Rights as the First Amendment to the Constitution.

And look at what we've gained. Look at what that freedom from oppression has enabled America's Jewish citizens to contribute to this country during the last two centuries. Art, education, music, science, literature, religion, business—the list goes on and on. The political and community involvement of America's Jewish citizens—across the entire spectrum of issues and views—is absolutely remarkable. The philanthropy of America's Jewish community has aided those less fortunate out of all proportion to their numbers. The Jewish community has strengthened and enriched the intellectual and economic and political fabric of American life to an extraordinary degree.

Today, we have the opportunity to rejoice in the success of the Touro congregation to be treated like any other citizens, and to celebrate in the wisdom of George Washington and the other founding fathers, who realized that our diversity did not have to breed hate and suspicion and discrimination, that our

"unlikeness" did not prevent us from being good citizens in a society of mutual trust, and respect, and consideration. Rather than being a weakness, America's diversity has become our strength.

Yes, we do have much to be thankful for today. For the congregation of Touro Synagogue truly helped make America what it is—a special place where all can live in peace together.

Thank you, and shalom.

Mr. THURMOND. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. SIMON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The senior Senator from Illinois is recognized.

Mr. SIMON. I thank the Presiding Officer.

DIRECT STUDENT LOAN PROGRAM

Mr. SIMON. Mr. President, although it is unusual for me to speak from a prepared text, I want to spend a little time providing my colleagues with some of the history and facts regarding an item that appeared in the Republican Party's platform last month. The issue is a successful Direct Student Loan Program which has saved students and taxpayers billions of dollars by streamlining a complicated system and enhancing competition. It is a great disappointment to me that an issue with such strong bipartisan roots has been turned into a one-line rhetorical attack on the President. That is unfair to the program, unfair to the President, and it is unfair to the Republicans who spent years promoting these reforms.

Five years ago, I teamed up with David Durenberger, then a Republican Senator from Minnesota, in proposing to shift to a direct loan program with income-based repayments for all students who desire it. We proposed using the billions saved with that proposal to restore the buying power of the Pell Grant Program, which has suffered from years of underfunding.

The loan reforms we put in our bill were not original. They were borrowed, with a few minor changes, from Representative TOM PETRI, a Republican from Wisconsin with conservative credentials, with whom you and I served, Mr. President, in the House.

My colleague, Senator AL D'AMATO, now the head of the National Republican Senatorial Committee, cosponsored the Petri plan in the Senate. Republican support for direct lending was broad. Original cosponsors of the Petri legislation included my House colleague from Illinois, JOHN PORTER, now the chairman of the appropriations subcommittee that handles education, and three Members who have now joined us in this body: Senator RICK

SANTORUM, Senator JAMES INHOFE, and Senator BEN NIGHTHORSE CAMPBELL.

Cosponsors also included the current Speaker of the House and spanned the Republican spectrum from SUSAN MOLINARI to DANA ROHRBACHER. Their support did not stop at cosponsorship. Thirty-three Republican House Members wrote to President Bush urging him to make direct lending part of his domestic agenda. They argued that Republicans—and I am quoting: “should be advancing our own innovative, cost-effective solutions” to help the middle class pay for college.

But after President Clinton proposed their innovative, cost-effective solution, many of those Republicans became silent, or worse, opposed their own proposal. The basic policy did not change. It was pure partisan politics. The Republican party platform ratified last month included the following two sentences:

Congressional Republicans budgeted a 50 percent increase in student loans while fighting Bill Clinton's intrusion of Big Government into their financing. Heeding the outcry from the nation's campuses, we will end the Clinton Administration's perverse direct lending program.

That is the end of the quote from the Republican platform.

Mr. President, the program that was innovative and cost-effective when it was a Republican idea somehow became perverse and an intrusion of Big Government—with a capital “B” and a capital “G”—when President Clinton decided to promote it.

Mr. President, I want to respond to these statements. And I speak not only for myself. Members should know that every national higher education association and student group that has taken a stand supports direct lending. If there is any outcry on college campuses, it is for the reforms that President Clinton has championed, not against them.

I have a chart here that compares the old Government guarantee program with the direct lending. I ask my colleagues to look closely and tell me which program is the so-called perverse, big Government system that the Republican platform would eliminate.

Is it the program on the left, with fewer than 500 Government employees, or the one on the right with more than 2,500 Government employees?

Which is big Government?

Is it the one that uses competition to determine how much to pay private-sector participants or the one in which Congress sets the prices?

Is it the one where a low default rate is rewarded or where more defaults can bring more money to middlemen?

Mr. President, which is “perverse”?

Is it the program that uses taxpaying private-sector companies and investors or the one that gives away tax subsidies? And again, you have these comparisons here.

Is it the one that chooses contractors based on performance or the one in which Congress gives entitlements to middlemen regardless of performance?

Is it the program that can be audited or the one that requires taxpayers to give away money in the dark?

Is it the one with or without costly conflicts of interest that threaten billions in lost taxpayer dollars?

If we change the chart here, you will see at the bottom obviously this is the one that Congressman PETRI and Senator Durenberger and others of us have proposed and is now in effect on about 1,700 campuses that really makes sense.

Mr. President, strange as it may seem, the program that the Republican platform has labeled “perverse, big Government,” is the one that has fewer Government employees, no entitlements to middlemen, uses competition to set prices, and rewards only the good performers.

Congressman TOM PETRI warned his Republican colleagues last September that they were going down the wrong road. Let me repeat what he had to say. This is Congressman PETRI talking.

If at the end of this whole process we do kill off direct lending, President Clinton and others will tell the American people that the Congress, under Republican control, shut down a conservative reform effort that was good for students and schools in order to keep the gravy flowing to powerful special interests. And that argument will resonate with the American people because it was right.

Mr. President, I would like to take a few moments to describe to my colleagues how the Government guarantee program really works. The banks and Sallie Mae like to brag they now share the risk of defaults of the student loan program because they are reimbursed 98 percent rather than the 100 percent they insisted was necessary before direct lending came along as an alternative.

That 2 percent is a nice contribution, but it is also deceptive. A bank that makes a loan of \$1,000 is guaranteed, by the Government, not just \$980, but also full interest on the \$1,000 at a rate 3.1 percentage points above the Government's cost to borrow. That is set by us in Congress. Some of these bankers who denounce welfare for poor people will end supporting this welfare for bankers. If it cost us 5 percent to borrow, we pay them 8.1 percent every year. Then they offer to absorb 2 percent of any loan that defaults.

So if interest is included, what is the real guarantee? After 4 years of college, the Government, which will have paid about \$324 in interest on \$1,000, then will reimburse \$980 of the default, for a total payment to the bank of \$1,304. The real Government guarantee is more than 130 percent, not the 98 percent that they advertise.

What about all those guarantee agencies, the middlemen in the Government guarantee system? They claim that they are the Federal Government's partner, sharing the risk of loan defaults.

Mr. President, that has not been true since 1976. These guarantee agencies have no private contributors, no pri-

vate investors, no State funds that contribute to the cost of the Federal loan program. Instead, the funds that they “share” with us are the funds that we give them; entitlements such as a percentage of the student's loan, 27 percent of any defaults they collect, and administrative payment, and on and on. It is like your child saving up his allowance to pay a small part of the cost for a new bicycle. It is a nice exercise, but the money really all comes from your pocket.

It is true that the amount we pay to the banks and middlemen is lower than it was before 1983. But it is lower only because direct lending forced the lobbyists to admit that they were fleecing taxpayers and students.

For 25 years the banks and student loan middlemen kept asking Congress for more subsidies, more entitlements, and less risk. Congress had little choice but to comply. No elected official wants to risk students not getting loans. The banks and middlemen told us that to cut the subsidies would risk loan access.

As recently as 1991, the banks warned that some borrowers could lose access to loans if Congress did not increase the return to lenders.

Until President Clinton proposed a viable alternative to the Government guarantee program, there was no safe way to call the bluff. The Republican platform's plan to eliminate direct lending would return us to that time when we had no choice but to follow orders from the banking industry, the guaranty agencies, and their lobbyists.

This leads me to some questions about the Government guarantee program:

Why do we pay banks 3.1 percentage points over the Treasury rate? Not because of any market competition that led to the price, not because of any study by economists, but because that is what the lobbyists said the industry could live with.

Why do we pay guaranty agencies 27 percent of any defaulted loan they collect? Incidentally, that is an encouragement to default. We subsidize that, not because of competition, not because of careful study, but because the lobbyists told us that was the right number.

Why did last year's appropriations bill require the Education Department to pay \$176 million to guaranty agencies on top of the more than \$1.8 billion in Federal funds they already hold? Because that is what the lobbyists said they wanted. I could go on and on.

Mr. President, is this any way to run a program? Instead of lobbyist-set rates, why not use auctions to determine how much we should pay to get capital for student loans? That is direct lending.

Rather than Congress setting the rates, why not use competition to determine how much to pay the loan collectors? That is direct lending.

Why not give all borrowers a wide variety of repayment options instead of

leaving their options up to the whim of whatever secondary market happened to purchase their loan from the bank? That is direct lending. I might add, direct lending is open to every student while in the old system you have to be below a certain level of income.

Why not provide the funds through the same system that delivers Pell grants, work-study and other student aid rather than confusing schools, parents, and students with a plethora of agencies, offices, and forms? That is the simplicity that direct lending provides.

What about savings for taxpayers? A few direct loan opponents have implied that direct lending never was cheaper than the Government guarantee program. That is just plain nonsense, and it is easy to see why. Everyone agrees that the 1993 reforms forced several billions of dollars of reduced subsidies in the Government guarantee system. Now, according to the Senate Budget Committee, the cost of the two programs are virtually identical. By definition, if the cost of the Government guarantee system has come down and now matches direct lending, then direct lending must have been cheaper.

In fact, the cost of the direct loan program has been overstated for a variety of reasons that I have explained in detail previously in the RECORD, including the choice of discount rates, the cost of tax-exempt bonds used by secondary markets but not in direct lending, and the handling of conflicts of interest and other costs of the Government guarantee system. Not only was direct lending cheaper 3 years ago when the loan industry was forced to ante up, but it is still cheaper today.

Whether you agree with the Republican staff of the Budget Committee or with Congressman TOM PETRI or PAUL SIMON, there is no question that the 1993 student loan reforms have saved billions of dollars for taxpayers because of the efficiency of direct lending.

Mr. President, millions of dollars have been spent in lobbying to sully direct lending, and there are two other charters to which I have not yet responded. First, there was the cost-shifting scare. Before direct lending had a track record, Sallie Mae provided colleges with sophisticated-looking analyses showing that direct lending would cost the average college an additional \$219,000 to administer each year. Banks and middlemen also got into the fray, hiring a CBO Director to say that costs were being shifted to schools. Of course, colleges were concerned.

But time has erased all those claims. Direct lending turned out to be exactly the opposite of the Sallie Mae scare tactic. Colleges saved money through a welcome relief from excess paperwork and redtape. In your State of Colorado, Mr. President, the State auditor found that direct lending in the first year reduced costs by \$325,245, at two of the State's universities.

That is why 1,700 schools have now joined the direct loan program. Schools

now have the option. That is what we want to keep.

Next, there came the haven for defaults claim. Long-time opponents of direct lending held a press conference to announce a rush of high-default schools into the direct loan program. They pointed to several shady trade schools but failed to point out that the schools, under the law, had to already be participating in the Government guarantee program. Still, they persisted in their claims for as long as no data were available to refute them.

In March, the data arrived. That lie was put 6 feet under. The truth is that schools in the direct loan program last year had a lower average default rate than those in the guarantee program. More data on the performance of the two programs at similar schools is still to come.

Mr. President, over time, every allegation made by the industry has turned out to be misleading or just plain groundless.

I have said very little about students. They, after all, are the reasons that these programs exist. How have they been helped by the Student Loan Reform Act proposed by President Clinton and enacted by the Congress in 1993?

I touched briefly on the repayment options. Direct lending makes a wide variety of repayment options available to any borrower. Borrowers can even choose to make payments that vary according to their post-college income. That is critical, as students are increasingly relying on loans to finance their continuing education.

USA Today reported that the direct loan program's "simplicity has proved hugely popular at colleges across the country." In the Government guarantee program, the maze of agencies, lenders, and purchasers often cause confusion, delays, and errors. They are not only frustrating but costly to colleges and students.

As millions of college students begin this academic year, one of the things that is foremost on their minds is money. Whether they participate in the direct loan program or the guarantee system, the changes that were enacted in 1993 will send students this week back to their dorm rooms with \$650 million more than any would have had otherwise. In other words, \$650 million savings this school year to students because of the direct loan program and because the old guarantee program has been forced to come down in its expenditures because of direct lending. That savings would never have happened without the leadership that President Clinton and Congressman PETRI, Senator David Durenberger, and Senator TED KENNEDY showed in standing up to the special interests and promoting the direct lending.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. KENNEDY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KENNEDY. Mr. President, as I understand it we are on general debate?

The PRESIDING OFFICER. Yes.

Mr. KENNEDY. Is there a time limit on morning business?

The PRESIDING OFFICER. There is a 10-minute time limitation.

Mr. KENNEDY. I ask unanimous consent to be able to speak for 20 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE REPUBLICANS' RECORD ON EDUCATION AND MEDICARE

Mr. KENNEDY. Mr. President, although Republicans in Congress claim to support education, they cannot escape the record of harsh education cuts proposed by the Republican majority in Congress, led by NEWT GINGRICH and Bob Dole. Just this past weekend, Christiane Valfour, a college student at the University of Pittsburgh, challenged Bob Dole to explain why Republicans in Congress pushed for deep budget cuts in Federal student aid last year. Candidate Dole's response was silence. When the student asked why Dole opposed the highly successful direct student loan program, again, candidate Dole was at a loss for words.

It is no surprise that Bob Dole decided to take the fifth amendment on education. In fact, anything he said would incriminate him. The truth is that candidate Dole supported the Republican budget last year that proposed the largest education cuts in the Nation's history. That Republican budget also capped Direct loans for college students, denying the opportunity for over a thousand schools to choose the loan program that provides the best service and lowest fees and other costs to their students.

I commend to all the Members the excellent presentation that was made by our colleague and friend from Illinois, Senator SIMON, on this issue. He has been a strong leader in support of the direct loan program.

Candidate Dole and the Republicans in Congress are desperately trying to run away from their slash-and-burn record on education. But the American people won't be fooled. They know investing in education is important to the Nation's future, and they won't be deceived by the Republican claims that pretend to support education, while cutting the heart out of the investment that is needed to give education the priority it deserves.

In communities across America, it is back to school time, back to classes, back to homework, back to parent-teacher meetings, and back to preparing pupils for the future.

It is also back to crowded classrooms. Secretary of Education Richard Riley has called this school year the